

STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: February 3, 2010

Re: Department of Justice Report Regarding Money Received Under
Court Order or a Settlement Agreement for Providing Restitution to
Victims

Attached is a report on money received under a court order or a settlement agreement for providing restitution to victims from the Department of Justice, pursuant to s. 165.25(10), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

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ATTORNEY GENERAL

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February 3, 2010

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BY: St. Finance

Secretary Michael Morgan, Department of Administration
Members, Joint Committee on Finance

Dear Secretary Morgan and Members, Joint Committee on Finance:

This report is submitted under sec. 165.25 (10), Wis. Stat., which requires a report *regarding money received by the department of justice under a court order or a settlement agreement for providing restitution to victims*. The attachment provides detail regarding dates, receipts, interest, payees and amounts, for activity in the first half of FY2010.

During the period of July 1, 2009 through December 31, 2009, six restitution cases received and/or disbursed payments:

<u>Case</u>	<u>Received</u>	<u>Disbursed</u>
1. American Travel & Mgmt	\$24,014.54	\$21,841.18
2. Asphalt Specialists	\$2,500.00	\$0.00
3. Havenwood Nursing Home	\$0.00	\$25,000.00
4. Kool View Company	\$6,177.32	\$0.00
5. Anthony R. Sanchez	\$5,638.20	\$5,638.20
6. Curves of Lake Mills	\$2,943.03	\$2,943.03

The following is a brief description of each settlement agreement for providing restitution to victims.

American Travel & Management was a case involving the sale of travel club memberships. The judgment and stipulation provided for a schedule of payments by the defendant, beginning in March, 2005. Receipts and disbursements occurred prior to this reporting period. During this period, \$24,000 was received from the company and \$14.54 earned as interest. Claimants were paid in full, \$21,841.18 and the balance was transferred to the DOJ's cost recovery appropriation under s. 20.455(1)(gh) Wis. Stats.

In the *Asphalt Specialists* case the defendant violated Wisconsin's home improvement code and engaged in deceptive advertising/business practices. The court ordered payment of \$23,381.14 payable to the DOJ in monthly installments. Of this \$23,381.14, the DOJ has so far received a total of \$7,500.00, collecting \$2,500 between July 1, 2009 and December 31, 2009. Restitution payments by the DOJ to victims have not yet been made.

In the *Havenwood Nursing Home and Rehabilitation Center* case, the administrator of the facility was convicted of the wrongful conversion of facility employees' 401(k) accounts and the theft of corporate assets resulting in neglect of patients. The court ordered restitution of \$85,132.26, comprised of the stolen 401(k) amounts owned by nursing home employees and stolen trust funds owned by nursing home residents. In the prior reporting period, \$25,000 was collected. This was paid out to victims in August 2009.

Kool View Company entered into a consent judgment in the amount of \$200,000 for deceptive marketing practices by misrepresenting the deferred rebate program known as the National Energy Rebate Fund. Wisconsin has received an initial payment for \$20,000 from KoolView, all of which will be paid as restitution. Another defendant, Matthew Stubbs, stipulated to a judgment of \$20,000, also for restitution. No restitution payments have been made, given pending collection efforts to satisfy the \$5.5 million default judgment obtained against the National Rebate Fund, Inc. and Timothy Stubbs. There are approximately 300 Wisconsin victims, and for efficiency's sake we will wait to make a distribution until more funds are obtained, rather than making successive rounds of restitution payments. Restitution will be paid to all injured consumers, not just complainants. \$6,177.32 was collected during the reporting period.

Anthony Sanchez, a dentist, was convicted under *State of WI v. Anthony Sanchez* of violating state laws prohibiting providers in the Medicaid system from imposing direct charges on recipients for services covered by the Medicaid program. This Hudson, Wisconsin dentist paid a total of \$5,638.20 in restitution to the DOJ, which immediately paid back the six patients who were misinformed by the dentist that Medicaid did not cover services they received.

Curves Lake Mills is a health club convicted of violations of state marketing and trade practice laws relating to fitness center contracts. As a result, \$2,943.03 was collected from Curves and paid out to 18 claimants in December, 2009.

Sincerely,



Bonnie Anderson
Budget and Finance Director